



**REPORT OF THE
INDEPENDENT REMUNERATION PANEL**

REVIEW OF MEMBERS ALLOWANCES SCHEME

JUNE 2005

Members of the Independent Remuneration Panel

Mr D Benson - Chairman

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Hospitals NHS Trust
Bishop of Burnley
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Supported by:

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Chief Executive
Head of Customer, Democratic and Office
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Introduction

1. Following public advertisement the three Panel Members were appointed by the Council on 2 July 2002 to serve on the Independent Remuneration Panel to review the Councils existing Members' Allowances Scheme and the amounts to be paid.
2. Allowances can only be paid to Members of local authorities in accordance with the Local Government and Housing Act 1989, as amended by the Local Government Act 2000 and supplemented by the Local Authorities (Members Allowances) (England) Regulations 2003. These statutory provisions require local authorities to make a formal Scheme of Allowances for their Members and to establish and maintain an Independent Remuneration Panel to make recommendations to Councils about their Schemes. The Council is required to have regard to recommendations that have been made by its Independent Remuneration Panel.
3. The first meeting of the Panel was held on 2 December 2002 and a series of meetings were held to undertake this review.

Terms of Reference

4. The terms of reference for the Independent Remuneration Panel were as follows:
 - (a) To examine the current Members Allowances scheme,
 - (b) To obtain comparative information from other local authorities,
 - (c) To make recommendations for change to the Council about the Allowances to be paid to Members. This includes:
 - The level of basic Allowances and special responsibility Allowances to be paid to Members,
 - The eligibility of Members for a pension under the Local Government Pension Scheme,
 - Travel and Subsistence Allowance for Council approved duties,
 - The applicability of a Dependant Carers Allowance for Members with a dependant relative and
 - (d) To submit a report and recommendations to Full Council for approval.

Findings

5. The Panel initially examined the existing Members Allowances Scheme, set out in Appendix A. In order to gain a better understanding of the requirements of the Scheme we took advice from Elected Members and officers of the Council and examined other local authority Members Allowances Schemes. We formed the view that there was no consistent approach or objective logic found in relation to Members Allowances Schemes and that an objective evaluation process should be identified that was capable of change and development in the event of any changes to the Council's political management structure

Methodology

6. We examined the Council's existing scheme and noted the methodology behind it. We considered Members Allowances schemes and Independent Remuneration Panel reports from Burnley, Hyndburn, South Ribble and Ribble Valley Borough Councils, South Shropshire District Council and Cheshire County Council. These were chosen because of their similar size to Chorley and to give comparative information from neighbouring local authorities.
7. We discussed the findings at our meetings and decided to take an early sounding with Elected Members, including the Executive Leader, an Executive Member and a backbench Councillor on 21 January 2003.
8. The Panel found that there was no consistent approach in the payment of Members Allowances across local authorities with a wide range of levels of payment and methodologies. Other Allowances such as Travel and Subsistence, Dependant Carers Allowances etc were also inconsistent. It was found that there was no "one size fits all" approach.
9. The Panel decided to construct an objective scheme to measure the value of different roles and responsibilities of Members. An objective measurement process was devised which included role definitions and was tested with the Executive Leader and other senior Members. This resulted in amendments to the Scheme and the introduction of additional roles to reflect the political structure of the Council. The role definitions are set out in Appendix B.
10. Role definitions were used to measure the relative value of one role against another. A factoring scheme was devised to measure the relative worth of each role. The Scheme provided raw scores that were subsequently weighted to reflect the relative weight of each factor. The Scheme was reviewed and adjusted for further discussion and consultation with senior Members. The factors used are set out in Appendix C.
11. The Scheme used a systematic and logical approach to determine the value of one role against another. Scores were out of 100 for each factor relative to its importance to each particular role. The weighting then moderated raw scores. Once moderated the Total score could be worked out. The Member score (basic Members allowance) was 100 and then compared with each role to gain the comparative size to role of member. There would be payment of multiple Allowances in cases where Members carried out more than one role. Please see Appendix D to view the scoring of Roles against Factors.
12. The Panel then undertook a benchmarking exercise with other local authorities to determine the range of Allowances paid to Elected Members in a representative range of local authorities. Their findings reaffirmed a lack of a consistent approach to Members Allowances across local government as a whole.

Summary and Conclusions

13. The Panel found that there is no consistent approach to Members Allowances across local government as a whole and noted the existing Chorley Borough Council scheme did not demonstrate objectivity. In the light of a lack of a consistent approach and lack of objectivity the Panel decided to construct a logical and transparent scheme based on role definitions and factors.
14. The role definitions were needed to show the differences in the roles held by Elected Members and to aid in the comparison of these roles. Each role carried out by a Member would receive an allowance, e.g. an Executive Member who was also the Group Secretary would receive an allowance for each role.
15. The Panel considered the overall cost to the Council of the Members Allowances Scheme and did not wish to increase the overall cost in view of the financial constraints on the Council's budget.
16. A comparison of Allowances payable under the existing scheme and the proposed scheme is shown in Appendix E.
17. The Panel also considered the questions of pensions for Members and Dependant Carers Allowances and decided to make recommendations for the Council to give further consideration to the former and to introduce the latter. In doing so, the Panel was influenced by the need to be inclusive and ensure that no section of the community was discouraged from making themselves available for services as an Elected Member.
18. The Panel recognise that the roles within the proposed methodology may change over time due to changes in the democratic structure and balance. These could be referred back to the Independent Remuneration Panel as and when required.
19. The Panel will be considering a methodology for the annual up rate of Allowances, Allowances for co-opted members and whether to with hold Allowances due to the suspension of a Member in the next few months.

Recommendations

20. The Panel wish to recommend the Council as follows:
 - (a) That there be no change to the current Basic Allowance of £3,875.00 paid to all Members of the Council as this figure was comparable with other local authorities.
 - (b) That instead of the present system whereby Members can only receive a single Special Responsibility Allowance the Scheme should provide for each Special Responsibility position held. This is necessary because of the range of different combinations of positions that particular Members may from time to time have and because of the basic principle of fixing Allowances according to an assessment of each responsibility.

- (c) That the Council adopt the role evaluation methodology set out in the appendices B and C to this report should be adopted and the following rates for Special Responsibility Allowances should be fixed:

	£
Executive Leader (<i>includes responsibility Allowance as Leader of a large Group & Chair of the Executive Cabinet but not for Executive portfolio</i>)	11,691.81
Leader of Opposition	6,000.78
Leader of a Large Group* (<i>who is not the Executive Leader or the Leader of the Opposition</i>)	5,308.39*
Leader of a Small Group (<i>less than 12</i>)	1,688.48
Deputy Leader of a Large Group	1,688.48
Secretary of a Large Group	1,512.34
Secretary of a Small Group (<i>less than 12</i>)	707.58
Executive Member	3,802.12
Vice Chair of the Executive Cabinet	3,619.91
Overview and Scrutiny Chair	3,875.00
Overview and Scrutiny Associate Chair	3,601.68
Representative Member	1,129.70

**This role does not currently exist*

- (d) That the Council give further consideration to the introduction of pensions for Members. The Panel noted that due to the current age profile of Members this would not result in any significant cost to the Council at the present time and that it would assist in the recruitment and retention of any new Members and the attainment of a more diverse membership of the Council.
- (e) To introduce a Dependant Carers Allowance based on the following conditions:

To be payable when a Councillor is undertaking "Council approved duties" according to Chorley Borough Council guidance notes on approved duties:

- For the independent care of a child, who is resident with the Councillor, aged 15 years and under (there is no legal minimum age for a child to be left alone – it is at the discretion of the parent)
- For the professional care of a dependant relative.

A dependant relative is defined as where the Councillor is the main carer and one of the following categories apply:

- Elderly relative requiring constant care,
- Disabled relative requiring constant care,
- Relative with learning disabilities requiring constant care

Qualifying Situation

- The child or foster child of a Councillor (one payment per household in the case of a spouse or partner)
- Dependant relative of a Councillor (one payment per household in the case of a spouse or partner)

Rates of Payment

Rate per hour

- Childcare at the minimum hourly wage rate
- Dependant relative care at the rate for a care assistant in a local authority establishment

Annual Cap

No more than £750 to be claimed per annum, but that this figure should be reviewed this on an annual basis.

- (f) That the Council should adopt the principle of Members receiving the same rates for Travel and Subsistence claims as Chorley Borough Council officers.
- (g) That if (f) is accepted that because the officer rates are subject to review at the present time the existing rates for Members should continue until the Officer rate review is complete.
- (h) That, in accordance with normal Human Resources practice, those Members whose total Allowances would be reduced as a result of the introduction of the scheme should maintain a “mark time” position at the cash rate of their existing total allowance until such time as general increases in Member Allowances generates for their particular role a sum equal to or higher than their “mark time” total. The new rate should then be applied.

Mr D Benson, Chairman

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